Annual Report
1981 - 1982

Alberta

Utilities and Telephones

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Alberta
UTILITIES AND
TELECOMMUNICATIONS

Office of the Minister

228 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 403 / 427-3016

Hon. G. Amerongen, Speaker
Legislative Assembly of Alberta
325 Legislative Building
Edmonton, Alberta
T5K 2B6

Sir:

It is my pleasure to submit the Annual Report of the Department of Utilities and Telephones for the year ended March 31, 1982. Changes which occurred in late 1982 will be reflected in the next annual report 1982-1983 which will be submitted for the Department of Utilities and Telecommunications.

Respectfully submitted,

Bob Bogle

Bob Bogle, Minister
Utilities and Telecommunications

Alberta
UTILITIES AND
TELECOMMUNICATIONS

Office of the Deputy Minister

7th Floor, Westcor Building, 12323 Stony Plain Road, Edmonton, Alberta, Canada T5N 3Y9 403/427-0140

Edmonton, Alberta

To the Honourable Bob Bogle
Minister of Utilities and Telecommunications

Sir:

I have the honour to submit herewith a report covering the activities of the Department of Utilities and Telephones for the fiscal year ended March 31, 1982.

The report identifies the general responsibilities of the Department as well as the detailed activities of each section.

Our next annual report for 1982-1983 will provide details of the expanded role of the Department and its name change to the Department of Utilities and Telecommunications.

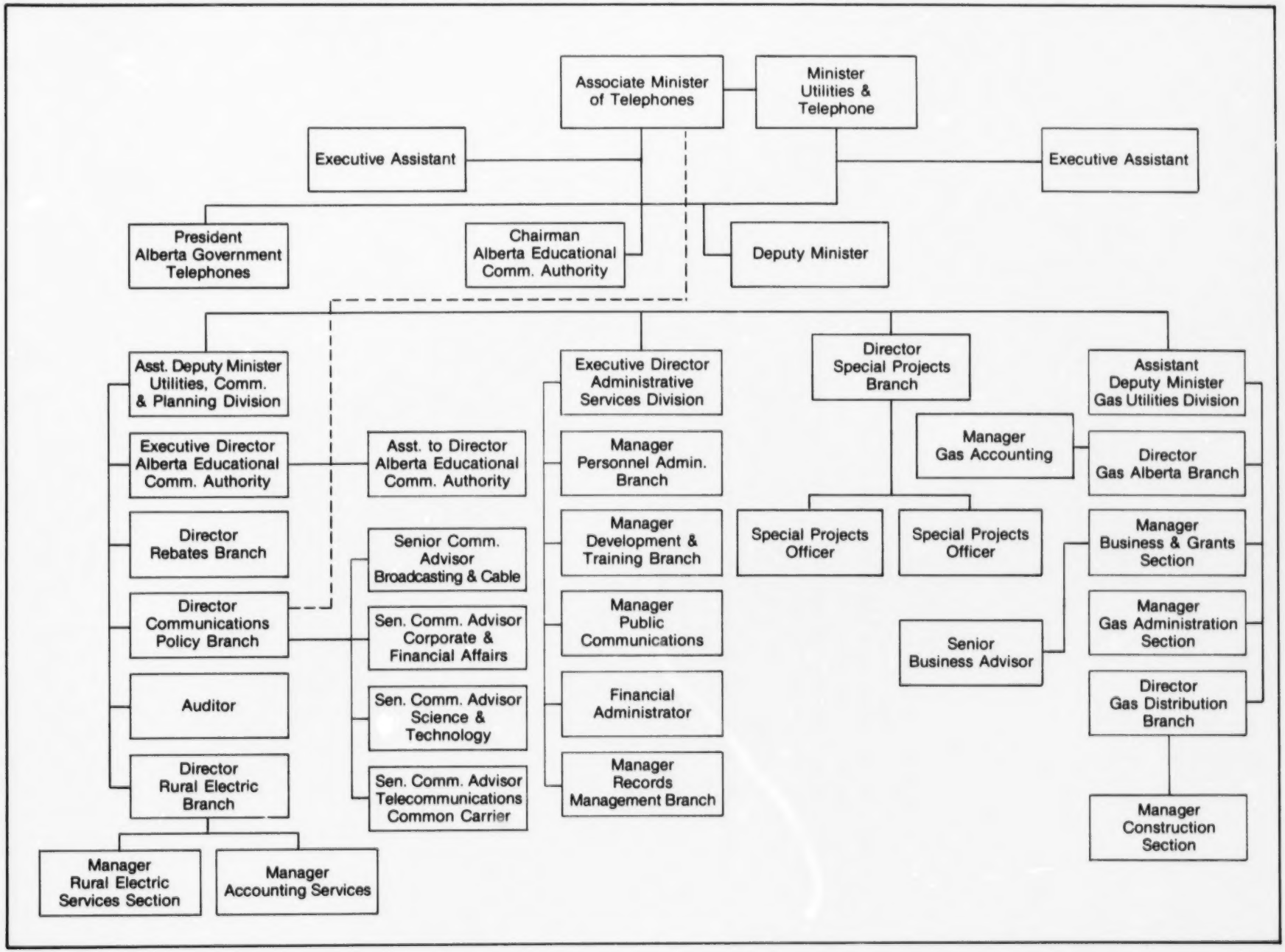
Respectfully submitted,

V. A. MacNichol
Deputy Minister

FOREWORD

The responsibilities in the Department of Utilities and Telephones are divided into two broad areas: 1) policies and programs related to certain essential utilities, primarily natural gas and electric energy supply and development, and 2) policies and programs related to the communications, broadcasting and related aspects of the communications industry in Alberta. The Honourable L.R. Shaben, Minister of Utilities and Telephones, has overall responsibility for both areas but concentrates on natural gas and electric programs. The Honourable Dr. P.N. Webber, Associate Minister of Telephones, is responsible for communications policies and activities, as well as for Alberta Government Telephones, a crown corporation of which the Associate Minister of Telephones is Chairman, and the Minister of Utilities and Telephones is Vice-Chairman. Alberta Government Telephones issues its own annual report.

A major responsibility of the department is to develop, implement and review programs and policies relating to the provision of utility services to ensure they meet reasonable levels of government and public client expectations. This process of forecasting demand and planning future utility services, in concert with the private sector and public agencies, is an on-going departmental activity requiring extensive study and consultation.


Associate Minister of Telephones
Minister Utilities & Telephone
Executive Assistant
Executive Assistant
President Alberta Government Telephones
Chairman Alberta Educational Comm. Authority
Deputy Minister
Asst. Deputy Minister Utilities, Comm. & Planning Division
Executive Director Alberta Educational Comm. Authority
Director Rebates Branch
Director Communications Policy Branch
Auditor
Director Rural Electric Branch
Asst. to Director Alberta Educational Comm. Authority
Senior Comm. Advisor Broadcasting & Cable
Sen. Comm. Advisor Corporate & Financial Affairs
Sen. Comm. Advisor Science & Technology
Sen. Comm. Advisor Telecommunications Common Carrier
Manager Rural Electric Services Section
Manager Accounting Services
Executive Director Administrative Services Division
Manager Personnel Admin. Branch
Manager Development & Training Branch
Manager Public Communications
Financial Administrator
Manager Records Management Branch
Director Special Projects Branch
Special Projects Officer
Special Projects Officer
Manager Gas Accounting
Senior Business Advisor
Assistant Deputy Minister Gas Utilities Division
Director Gas Alberta Branch
Manager Business & Grants Section
Manager Gas Administration Section
Director Gas Distribution Branch
Manager Construction Section

Gas
Utilities
Division

BUSINESS AND GRANTS SECTION

The Business Advisors provide a financial and business management resource service to distributors under the Rural Gas Program. Other functions include administration of the grant regulations and assistance to eligible distributors in applying for grants. In addition, the statistics group of this section maintains an ongoing compilation of statistics of costs, installations, and grants issued under the Rural Gas Program. Reports are prepared both for publication and for administrative use by department management.

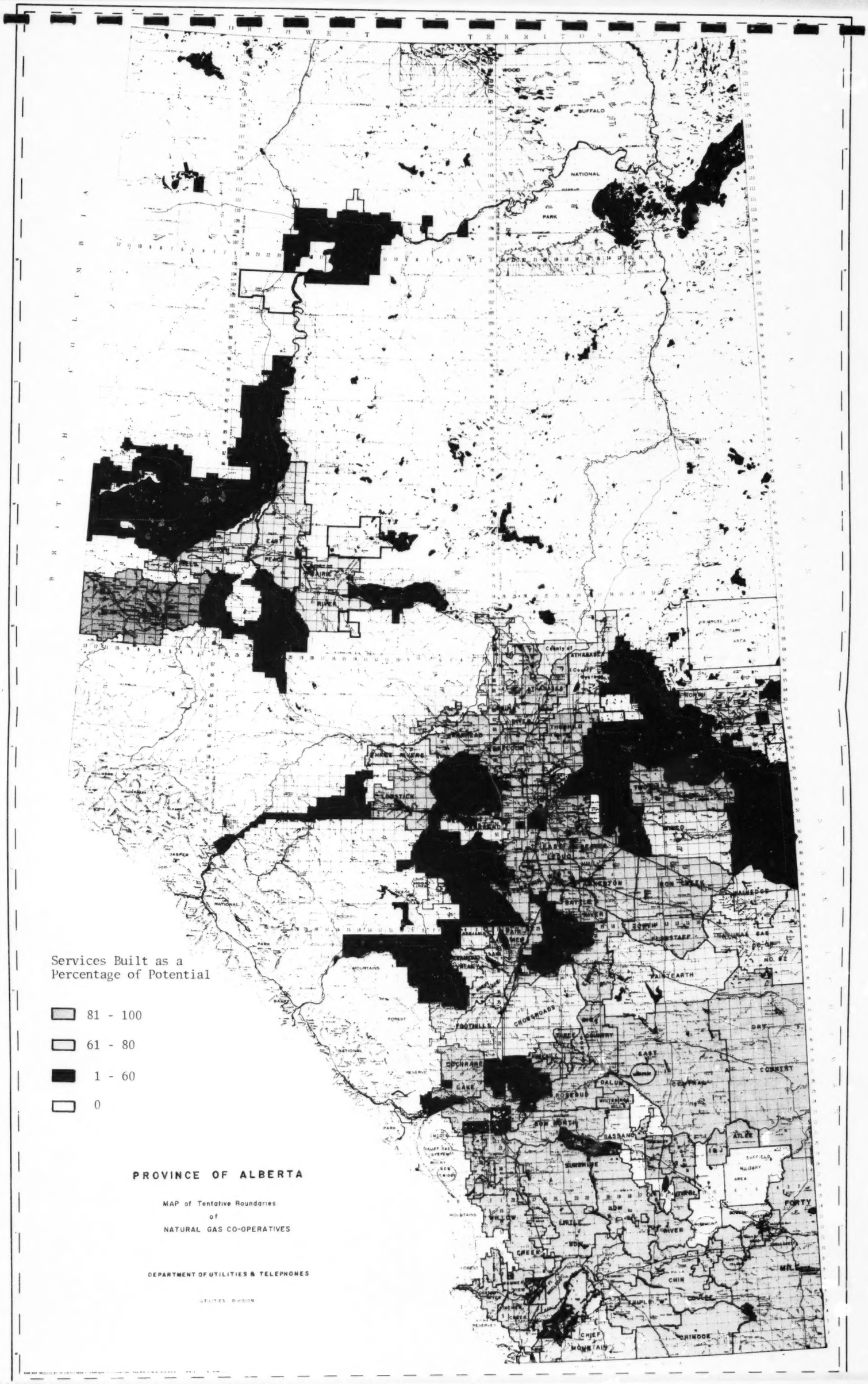
Business Advisors continue to stress the importance of preparing sound financial planning policies. The use of budgeting and improved record-keeping, both during construction and in the operational phases of their utility, can do much to improve the co-ops' cash position. Most of the contact work during the past year has entailed visits and consultation with co-op managers and attendance at board meetings. Special concentration was given to working closely with co-ops and counties where a financial problem was perceived or anticipated.

The Calgary sub-office of the Business and Grants Section was closed in October 1981. The same business advisory service is now provided to southern areas from the Edmonton office. This was seen as both a cost-efficient move and an improvement in quality of service to customers.

Due to an increase in the cost of energy and to escalating construction and operating costs, a continuing review of customer rates was carried out. Where rates are considered to be inadequate, the distributor is consulted, and recommendations made regarding alternatives for action.

All regular grants under the Rural Gas Program are calculated on the concept of whole system cost averaging. During the 1981-82 fiscal year, a total of $38 063 228.65 of grants were processed. Some of the more significant statistics of the Rural Gas Program, both during the past year and cumulative from the beginning of the program, are included in the appendix. Those statistics reveal that the program is evolving to the point where the original construction of systems is gradually decreasing, and the ongoing operation and maintenance of systems is assuming a larger and more important share of attention by the distributors and the Department.

The map displays the penetration of services built as a percentage of the estimated potential in various areas of the province. Most of the people in the southern half of the province have already been served, and the availability of gas to the people in the remainder of the province is rapidly increasing.



PROVINCE OF ALBERTA

MAP of Tentative Boundaries
of
NATURAL GAS CO-OPERATIVES

DEPARTMENT OF UTILITIES & TELEPHONES

UTILITIES DIVISION

GAS ADMINISTRATION SECTION

Loans authorized under provisions of the Co-operative Marketing Associations and Rural Utilities Guarantee Act to natural gas co-operatives amounted to $1 736 918. Of this amount, $1 619 555 was supported by lien notes and $117 363 was supported by a price factor in the gas rate. The total outstanding guaranteed loans as of March 31st, 1982, was $11 604 092. This is a decrease of $4 999 118 from the previous year. Loans supported by lien notes stood at $10 353 470, a decrease of $2 267 915 from the previous year. Gas rate borrowings totalled $1 250 622, down $2 731 203.

The Agricultural Development Corporation authorized loans to nineteen gas co-ops for a total of $3 399 964 at a preferred interest rate of 12%. From these loans $2 345 610 was applied towards outstanding government guaranteed gas rate borrowings with an interest rate of bank prime + 1 percent.

During the year, 15 350 Utility Rights of Way, easements, and consent of occupant forms were prepared for member-owned gas co-ops and counties. Eight franchise audits for Utility Rights of Way and twenty infill audits were completed.

The counties of Athabasca No. 12, Smoky Lake No. 13, Thorhild No. 7, and Two Hills No. 21, had their natural gas utility removed from the jurisdiction of the Public Utilities Board. They can now adjust their gas rates without Board approval.

Three gas co-operatives had their names struck from Corporate Registry. They were Bellis, Buffalo, and Radway Gas Co-op Ltd. Their distribution systems are owned and operated by a utility company and they had no government-guaranteed loans. There are now 94 Natural Gas Co-operatives in Alberta, of which 76 own and operate their own distribution systems.

GAS ALBERTA BRANCH

Gas Alberta, as the Alberta Government's "gas broker", has been charged, by legislation, with the responsibility for economical and efficient supply of natural gas, and related services, to rural gas distributors throughout the province.

Significant growth in delivered gas, and resourceful gas purchase planning, has allowed the branch to negotiate substantially improved supplies over the past 12 months.

Financial Accounting Section

The primary responsibility of this section is the accounting and financial control of all disbursements and receipts of the Gas Alberta Operating Fund. Through financial management and supervision of this fund, the financial accounting section is able to perform the necessary economic analysis and associated evaluations required by the Department to establish and maintain adequate policy and pricing strategy for contract negotiations. In addition, monitoring of the fund generates preparation and analysis of financial statements and associated budgets for Gas Alberta, as the fund is maintained under separate cover by the Provincial Treasurer and is subject to annual audit and report to the Legislature.

Over the past year, the Financial Accounting Section handled purchases and sales of 14.2 million GJ of natural gas valued at $23.9 million (purchase cost) including operating and delivery costs. Under the Natural Gas Price Protection Plan, $3.5 million of rebate was applied for on these gas purchases. The sale of 14.2 million GJ resulted in revenue inflows of $23.4 million being generated. The combined inflow and outflow of revenue and related expenditures produced a gross cash flow of $47.3 million for Gas Alberta.

Gas Purchase Planning and Audit

During the fiscal year ended March 31, 1982, the scope of this section was expanded to include gas purchase planning. This innovative role has added considerable latitude and depth to the knowledge and planning functions of the branch and resulted in the successful negotiation of a reduction in gas prices from the five major exporters. This price reduction will result in 1982-83 savings of approximately $440 thousand and continued savings of similar values each year thereafter.

This section is responsible for an extensive gas rate and pricing analysis program designed to provide management information necessary for Gas Alberta to negotiate better gas prices. A monthly audited gas balance between individual purchased volumes from each supplier and volumes delivered to each rural gas distributor is also maintained by this section.

The Gas Audit Section received 16 applications for gas loss assistance. Ten of the applicants, after audit, received approval resulting in $274 thousand being paid to distributors.

The policy for calculating gas losses was changed during the year and all previous applications were recalculated under a new formula. This recalculation has resulted in further grants of $772 thousand paid to the rural gas distributors.

Wholesale measurement accuracy was checked by inspecting equipment and further augmented by a verification of related measurement and equipment charge-out reports.

This careful and regular ongoing audit of all sales stations by a gas measurement technologist resulted in the further investigation of 24 stations and subsequent measurement adjustments of 220 thousand GJ ($350 thousand).

Contracts and Billing Systems

This section is responsible for maintaining and administering contract documents relating to the purchase, sale, and exchange of natural gas, as well as billing agreements for retail billing services provided to rural gas distributors.

During the year, 10 new or amended sales contracts were executed. Several new billing service agreements were also executed, with negotiation nearing completion of four new supply contracts.

In the 1981-82 fiscal year, this section undertook a major study of operator's add-on costs, in order to develop systems audit procedures for the validation of cost and manpower allocation.

This section was also given the added responsibility of controlling the development and design of systems for Gas Alberta's retail billing service. This additional duty augments the original responsibilities of assisting in the development, design and implementation of more standard and meaningful gas accounting and billing systems for those natural gas distributors not utilizing Gas Alberta's retail billing system.

The retail billing service continues to expand and meet the increasing needs of the rural gas distributors who take advantage of this optional service.

A COMPARISON OF GAS ALBERTA'S ACTIVITIES OVER THE LAST SEVEN YEARS INDICATES CONTINUING EXPANSION IN THE RURAL GAS PROGRAM.

	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
Distributors	63	68	72	76	81	82	86
Delivery or Sales Points	350	495	557	598	630	660	668
Gas Suppliers	28	34	34	36	31	33	34
Gas Volume Sold	2.3 Million GJ	5.2 Million GJ	8.6 Million GJ	10.3 Million GJ	11.1 Million GJ	11.0 Million GJ	14.2 Million GJ
Distributors on Retail Billing	29	31	36	39	40	41	43
Retail Customers Serviced by Billing Service	7 694	11 774	13 913	15 116	17 116	19 558	23 651

GAS DISTRIBUTION BRANCH

Due to a continuing emphasis in the use of electronic data processing equipment (EDP), the Gas Distribution Branch underwent reorganization to form a section which would specialize in this field. The Systems and Drafting Section provides EDP support to the branch and to natural gas distributors, with particular emphasis on development of an automated drafting system. It is intended that this system will handle the large plant location record portfolio, which the branch administers on behalf of distributors, with greatly improved efficiency over the present manually operated system.

The Construction and Operations Section encountered another busy construction year and concurrently completed a number of special projects and programs, including the further replacement of some 1500 km (932 miles) of PE 3306 distribution pipelines, initiation of the special project to replace PE 3306 yard services, as well as various studies on such subjects as gas supplies, system design, and materials quality assurance. In addition, the section completed the fourth of a series of high-pressure transmission systems in northwestern Alberta with the construction of 60 km (37 miles) of 114.3 mm (4") steel pipeline in the Lesser Slave Lake area. This new transmission pipeline will provide gas supplies for the Swan River Gas Co-op Ltd., which may be the last gas co-op to form in the province. The new co-op will serve customers in the Slave Lake-Kinuso-Faust area along the south shore of Lesser Slave Lake.

Finance and Planning Division

ALBERTA EDUCATIONAL COMMUNICATIONS AUTHORITY

The Alberta Educational Communications Authority was established under the terms of the Alberta Educational Communications Corporation Act, 1973. The Minister of Education, the Minister of Advanced Education and Manpower, and the Associate Minister of Telephones have been designated as the Authority. The Deputy Ministers of Education, Advanced Education and Manpower, and Utilities and Telephones, and the Executive Director of the Authority constitute an Executive Advisory Committee. The activities of the Authority are carried out through the office of the Executive Director.

Major activities during 1981-82 included continued administration of the Alberta Educational Communications Corporation Act, designation and support of educational cable consortia, and consultative services on educational communications technologies, provincially, interprovincially and internationally.

Administering the Alberta Educational Communications Corporation Act involves approving by-laws and budget, receiving the annual report and participating in procedural matters related to appointments to the ACCESS Board of Directors. The review of the mandate and current status of ACCESS also involved the Authority in a study of the guidelines for the AECC (1978) including the general guidelines, programming guidelines and the program decisions model. The Authority initiated and participated in a comparison study of program development and production costs at ACCESS and other organizations. A five-year development plan was requested of ACCESS and studied by the Authority. This development plan also led the Authority to review ACCESS facility needs. ACCESS proposed a new cable casting policy which the Authority reviewed. A procedure was established for ACCESS cash disbursements.

Evaluation of ACCESS programming activities is an ongoing Authority responsibility. Establishing principal role programming for ACCESS is an aspect of this evaluation. Approximately 110 proposals were processed throughout the year, with 52 approved for production/acquisition.

Designation and support of educational cable consortia involves the Authority in the encouragement of local educational institutions to use cable television for educational purposes. Educational cable consortia were established in Hinton, Westlock and Drumheller. Program logs for all educational cable consortia are monitored regularly. Government funds for subsidization of educational cable consortia were acquired this year. In cooperation with the Alberta Association of Educational Cable Consortia, an educational cable television workshop was presented.

Offering consultative service ר educational communications technologies provincially involves working with officials from other departments of government with respect to general communications policy in Alberta. Alternate modes of distribution for educational programs have been studied, for example, satellite, Telidon, cable, and teleconferencing. A highlight this year was the Authority's role as coordinator for AGT, Alberta Correspondence School Branch, and Curriculum Branch personnel in the Telidon field trial in six locations throughout the province. Other consulting services involved concerns in the areas of copyright, educational communications policy, and educational communications technologies, among others.

Interprovincially, the office of the Authority worked with officials from other provincial departments of education with respect to sharing programming and alternate modes of distribution (e.g., ANIK B experiment, Telidon). The Authority participated in the Advisory Group on ANIK B and the Canadian Videotex Consultative Committee, as well as the Coordinating Committee for Media (CCM), a committee of the Council of Ministers of Education, Canada (CMEC) established to facilitate the production, acquisition, exchange and distribution of media materials (including school broadcasts) by departments/ministries of education through the CMEC.

Internationally, the office of the Authority was involved in the International Council for Educational Media (ICEM), promoted the ICEM Film Festival, and evaluated ICEM film proposals.

COMMUNICATIONS POLICY BRANCH

In recognition of the importance of the telecommunications, broadcasting and related communications activities to the Alberta economy and the responsibility of the department for the development of this industry, the Communications Policy Branch was formally established in November 1979. The Branch is charged with the responsibility of providing advice and policy alternatives to the Associate Minister of Telephones to ensure the optimum development of this industry in Alberta.

The communications industry employs over 18,000 people in Alberta and accounts for revenues of about one billion dollars, making it an important contributor to the Alberta Gross Domestic Product. Through its ownership of Alberta Government Telephones, the third-largest telecommunications carrier in Canada, and it's funding of the Alberta Educational Communications Corporation, the Alberta Government has a significant investment and commitment to the development of this sector.

Since the communications industry is regulated to varying degrees by both the federal and provincial governments, a great deal of emphasis is placed on intergovernmental consultation and discussion. Bilateral discussion between the Alberta and federal governments has taken place on the issue of pay television. The branch was also represented on a federal-provincial task force examining mechanisms for greater regulatory consultation.

The federal and provincial Ministers responsible for communications met in Winnipeg in September, and preparations are underway for Alberta to host the next meeting of Ministers in Calgary, in late May 1982.

Amendments to the Public Utilities Board Act were enacted during the past year. The purpose of these amendments was to better enable the province to exercise its jurisdictional responsibilities in the area of telecommunications. The branch is currently involved in ongoing consultations with the industry in order to recommend appropriate regulations under the amended Public Utilities Board Act.

REBATES BRANCH

Since 1974 a priority of Government has been to shelter Albertans from rising energy costs. The Rebates Branch operates two major programs in this regard to ensure that Albertans have the lowest heating costs in Canada:

1. The Natural Gas Price Protection Plan which provides a rebate for all residential, commercial and industrial consumers, of natural gas costs which exceed 65 percent of the export price of gas leaving the province.
2. The Remote Area Heating Allowance Program which provides for payment of a direct rebate to residential, farm, community and small business consumers, 35 percent of the price paid for heating oil and propane. This program applies to residents who have no choice but to use these fuels because natural gas is not yet available.

NATURAL GAS PRICE PROTECTION PLAN

This year $94.9 million in rebates were paid to utility companies, municipalities, Gas Alberta and other entities in respect of natural gas purchased for Alberta consumers. This was a decrease of $20.5 million compared to last year and is due to a number of factors including:

- A decrease in natural gas prices paid to producers.
- Temperatures in 1981 that were the warmest on record in the last 100 years.
- A continued decrease in consumption per residential customer as natural gas bills increase.
- Conservation measures and use of more energy-efficient building techniques.

In order to ensure that the rebate benefit is passed on to consumers, the Public Utilities Board (the utility regulatory authority in Alberta) examines and certifies that customer rates charged by all utility companies receiving the rebate are just and reasonable. In addition, auditors in the Branch regularly examine the records of all utilities receiving rebate payments.

During the year a number of significant agreements and policy statements were made by the federal and provincial governments affecting natural gas prices in Alberta and Canada. The net effect of the agreement was that while gas prices to producers in Alberta did not increase (prices, in fact, fell by a total of 17¢/GJ during the period September 1, 1980 to January 31, 1982), federal taxes on natural gas sales to consumers, introduced in the National Energy Program on October 31, 1980 at 28¢/GJ, rose to 79¢/GJ on February 1, 1982. These taxes are not rebatable since they are levied at the consumer sales level, while rebates are calculated at the purchase level on the cost of gas to utility companies.

With a return to colder-than-normal temperatures early in 1982, Albertans were surprised with the highest gas bills they had ever experienced, despite the level of price protection afforded under the plan. Under the terms of the federal-provincial energy agreement of September 1, 1981, prices for gas exported from the province ("Alberta Border Price") will increase by about 48¢/GJ each year until 1986. This is the basic cost of Alberta-produced gas to all Canadians. Within Alberta, the Natural Gas Price Protection Plan will absorb 35 percent of these increases, resulting in net increases to Alberta consumers of about 31¢/GJ each year, subject to minor adjustment for fluctuations in pipeline charges ("Alberta Cost of Service"). See Appendix.

REMOTE AREA HEATING ALLOWANCE

This program has now completed its first full year of operation following commencement on October 1, 1980. Response to the program accelerated steadily as more people became aware of the direct rebate benefits and as heating bills continued to rise and colder temperatures returned in early 1982.

During the period January to March, 1982 over 3600 applications totalling $809 000 were processed. Total rebate payments to individuals, small businesses and community organizations during the year amounted to over $1.7 million, an average of $186.00 per claim.

Efforts of natural gas distributors to expand pipeline systems and assistance under the Canadian Oil Substitution Program (in Alberta, to convert home furnaces from heating oil to natural gas) resulted in the addition of many more households to those already enjoying the benefits of natural gas as a heating fuel. Natural gas distributors scrutinized each rebate application originating from within their franchise area.

Information received by the Branch shows that the Remote Area Heating Allowance continues to be a welcome shield against rapidly escalating energy costs for Albertans who live in areas where natural gas service is not yet available.

For further information on unit rebates, average benefits and total rebates per year, please refer to the Appendix.

RURAL ELECTRIC BRANCH

The Rural Electric Branch provides financial assistance and technical supervision for all electric utility services built for Rural Electrification Associations (REAs) and isolated communities in the Land Tenure Program. The Branch maintains accounting records for all loans issued from the Rural Electrification Revolving Fund.

Financial assistance is provided to R.E.A.'s or individuals under provisions of the following acts and regulations (where applicable):

- Rural Electrification Revolving Fund Act
- Rural Electrification Long Term Financing Act
- Co-operative Marketing Associations and Rural Utilities Guarantee Act
- Department of Utilities and Telephones Act and its regulations

The Director of the Branch fulfills the statutory duties of the Director of Co-operative Activities provided by the Co-operative Associations Act for R.E.A.'s.

Grants are also available under the program to offset the cost of purchasing a generating unit for individuals who maintain a permanent residence in a remote area where it is not feasible to provide power from the provincial grid.

FINANCIAL ASSISTANCE PROVIDED BY THE BRANCH

The Rural Electrification Revolving Fund

During the 1981-82 fiscal year, 3 349 loans were processed, resulting in $8 775 332 in funds being released to R.E.A.'s to finance the construction of original facilities. Of this amount, $5 516 962 is to be repaid by the members and bears interest at 3½ percent. These loans are secured by lien notes on the member's property. The balance of $3 528 370 is 1 414 loans (interest-free) made under Part II of the Rural Electrification Revolving Fund Act to defray the cost to the member in obtaining electrical service. These loans are to be repaid by the association if and when additional use is made of the facilities constructed with these funds. These loans are secured by a first charge upon the works of the association in favour of the Provincial Treasurer.

The statutory limit of the Rural Electrification Revolving Fund is at present $45 000 000. Of this amount, the Provincial Treasurer has advanced $40 984 896 to the fund. These funds have been used in the following manner:

Loans with 10-year repayment schedule (interest-bearing)	$ 6 498 108.57
Loans with 25-year repayment schedule (interest-bearing)	20 414 498.51
Part II loans (non-interest-bearing)	13 204 228.49
Total of all outstanding loans	40 116 835.57
Cash in bank	868 060.31
Total draw	$40 984 895.88

Repayments on outstanding loans amounted to $4 179 044 of which $3 293 381 was credited back to the funds as repaid principal and $885 663 (earned interest) was deposited to the General Revenue Fund of the Province.

Eight delinquent accounts were transferred to Crown Debt Collection Agency. The principal of these loans amounted to $12 909.68 and the accrued interest totals $1 148.54.

Grants Issued to R.E.A.'s

Grants Based on 40 Percent of Part II Loans

Since April 1, 1979, grants based on 40 percent of the outstanding amount of Part II loans (non-interest-bearing) issued to R.E.A.'s on behalf of individual members total $4 809 653.86. Of this amount, $980 310.39 was funded during this fiscal period.

At the close of this fiscal year $4 643 194.15 remains outstanding. The difference of $166 459.71 has been recovered from R.E.A.'s as their indebtedness on Part II loans was reduced, which reduces their eligibility for this assistance. Altogether, 292 active R.E.A.'s have benefited from this program.

Pole Replacement Grants

Three R.E.A.'s received $175 974.29 during this fiscal period to cover 75 percent of the cost of replacing 518 poles. This fulfills the Government commitment to those R.E.A.'s in which original poles fail prematurely.

Other Grants

Generating Unit Grants

Two grants totalling $3 214.80 were issued to individuals who maintain a permanent residence in a remote area where it is not feasible/economical to provide power from the provincial grid to help defray the cost of purchasing a generating unit.

Grants for Isolated Communities

During the 1981/82 fiscal year $182 316 was paid out in grants to provide electrical service to residents in isolated communities (land tenure).

General Information about R.E.A.'s

During 1981 R.E.A.'s consumed 867 902 714 kw.h (kilowatt hours) of energy worth $33 484 450. This consumption is just over two times what the City of Lethbridge consumed during 1981. There were 72 934 R.E.A. services as of December 31, 1981.

During the 1981-82 fiscal year, 2 216 new farm services were constructed at an average cost of approximately $4 000 per service.

AUDIT SECTION

Since 1974 the Audit Section has had a significant role in auditing, or reviewing, rural gas construction costs eligible for grants under the Rural Gas Program. Comparing total grants issued to date against the original estimates and the high percentage of the Alberta population now being served, costs have been controlled and fair value obtained for the construction dollars.

The Audit Section recognizes that satisfactory results are made possible through teamwork and co-operation with the many people involved. Rapidly changing economic conditions, such as high interest rates, combined with the rising excise tax, have crippled most gas co-op budgets on the expense side while reducing sales on the income side of annual operating statements. Caught in an economic squeeze, few, if any, rural co-ops have been able to establish a reserve fund for the eventual replacement of the delivery system.

Administrative Services Division

ADMINISTRATIVE SERVICES DIVISION

The Administrative Services Division comprises the following branches: Development and Training; Financial Administration; Personnel Administration; Records Management; and Public Communications.

The latter function is in the Department but is responsible to the Public Affairs Bureau of the Alberta Government Services.

The Administrative Services Division branches act as a central service and resource for the total Department. In the case of Development and Training, this extends to training of personnel outside the government who are involved in the department-funded programs. The services and resources offered by the five branches are expanded in the following pages.

DEVELOPMENT AND TRAINING BRANCH

In the early part of the year, revising and up-dating the 15 courses for utilitymen of the Rural Gas Program was conducted and four new course packages were prepared for the new training cycle. As well, the first and second year programs, including arranging for the instructional staff to present the program, were completed.

A course for utilities officers was conducted during the first two weeks of May. There were 12 candidates.

The Federation of Alberta Gas Co-ops Ltd. held its annual convention in late November, at which the Development and Training Branch was represented.

Courses were presented in the new year and, by the end of April, had been conducted in both Brooks and Edmonton for 275 candidates.

FINANCIAL ADMINISTRATION BRANCH

The Financial Administration Branch is responsible for planning, co-ordinating and implementing the department budget process. The branch is responsible for the processing of program-budgeted expenditures, as well as consulting on budget and related financial matters.

The branch provides monthly expenditure reports to management for budget control and advises on updated procedures for financial transactions as received from the Office of the Controller.

In addition to its financial responsibilities, the branch has undertaken the role of Electronic Data Processing (EDP) and Word Processing Coordinator and the preparation of an annual EDP-Word Processing Plan for the department.

The final 1981-82 statement of expenditure is located in the Appendix.

PERSONNEL ADMINISTRATION BRANCH

The Personnel Administration Branch is responsible for the co-ordination and effective implementation of all personnel programs. These programs include manpower planning, organization development, classification, recruitment, employee relations and contract administration.

At the end of the 1981-82 fiscal year, the Department's permanent full-time positions totalled 164 and permanent part-time positions totalled 1. The branch filled 62 permanent, 4 temporary salary and 104 temporary positions, processed 66 terminations and conducted 31 classification reviews.

PUBLIC COMMUNICATIONS

The Public Communications Manager continued to provide editorial, advertising and general public relations assistance to the Department, helping with news dissemination of departmental programs and providing an information service, as needed.

- Edited and produced a rural utilities quarterly newsletter which is distributed to rural gas co-ops and other interested organizations and individuals.
- Processed print and photographic requests and arranged for graphics and creative services as required.
- Edited and produced a bi-monthly employee newsletter.
- Prepared and distributed a number of news releases which were sent to media in Alberta; edited and co-ordinated printing of the Department's annual report; co-ordinated the departmental displays; attended annual meetings of the Alberta Union of Rural Electrification Associations and Federation of Alberta Gas Co-ops Ltd.

RECORDS MANAGEMENT BRANCH

The extensive conversion to a centralized control of all department records was scheduled for completion on March 31, 1982. However, due to various changes and additions to the department structure, the completion date was rescheduled for March 31, 1983.

Computerization of the loans section of the Rural Electric Branch is progressing; it should increase the workload in the records office.

The forms management program is now in place, and control and inventory of forms is proving to be effective. A continuous review of existing forms is being carried out.

Demand for library services has increased, and a librarian was hired to accommodate the needs of the Department.

Procedures have been established, and a supplies and services section in the branch is in operation. This section processes all requests for material and supplies for the Department and maintains an inventory of stationery and office supplies. Positive results have been realized due to the centralization of procurement services and inventory control.

Appendices

RURAL ELECTRIFICIATION REVOLVING FUND

Financial Reports and Summaries
1981 - 82
Cash Basis

(Unaudited)

Fiscal year ending March 31, 1982

STATEMENT A
Comparative Loan Balances

Loans Receivable at Year End	March 31 1982	March 31 1981	March 31 1980
10 Year Repayment Schedule	$ 6 498 108.57	$ 6 220 859.35	$ 5 628 118.66
25 Year Repayment Schedule	20 414 498.51	18 114 898.77	15 663 977.45
Part II Loans	13 204 228.49	10 299 125.55	7 783 090.83
Total All Loans	$40 116 835.57	$34 634 883.67	$29 075 186.94

STATEMENT B — LOANS ISSUED

Loans Advanced	Fiscal 1981-82	Fiscal 1980-81
10 Year	$1 485 076.43	$1 777 825.38
25 Year	4 031 885.82	4 061 198.37
Part II	3 258 369.80	2 877 323.29
Total Loans	$8 775 332.05	$8 716 347.04
Loans for new construction, 10 Yr., 25 Yr., and Part II	$8 711 410.71	$8 634 465.20
Refinancing	63 921.34	81 881.84
Total Loans	$8 775 332.05	$8 716 347.04
Principal refinanced	$ 62 348.55	$ 78 723.40
Interest refinanced	1 572.79	3 158.44
Total refinancing	$ 63 921.34	$ 81 881.84
New construction — individual lien notes	$5 453 040.91	$5 757 141.91
New construction — Part II support	3 258 369.80	2 877 323.29
Total new construction financed	$8 711 410.71	$8 634 465.20

STATEMENT C — RECEIPTS

	Fiscal 1981-82	Fiscal 1980-81
Total Payments Received	$4 245 353.06	$3 893 139.28
Proceeds of Refinancing	63 921.34	81 881.84
Total Receipts and Adjustments	4 309 274.40	3 975 021.12
Less: Overpayments, Etc., Disbursed	130 230.88	59 027.86
Net Payments and Adjustments	$4 179 043.52	$3 915 993.26
Allocation of Payments and Adjustments:		
10 Yr. Loans Principal	$1 207 827.21	$1 185 084.69
25 Yr. Loans Principal	1 732 286.08	1 610 277.05
Part II Loans Principal	353 266.86	361 288.57
10 Yr. Loans Interest	218 050.30	200 242.91
25 Yr. Financing Loans Interest	667 613.07	549 494.30
Received in Trust (Re: Sales)		9 605.74
Total Allocated	$4 179 043.52	$3 915 993.26
Total Principal	$3 293 380.15	$3 156 650.31
Total Interest	885 663.37	749 737.21
Total Loan Payments	$4 179 043.52	$3 906 387.52

STATEMENT D
Transactions Since Inception of the Rural Electrification Program in 1948

Total Loans Advanced	**To 1982 03 31**
10 Yr. Loans	$ 50 655 362.32
25 Yr. Loans	44 964 877.00
Part II Loans	17 837 769.00
Total Funds Advanced from the Revolving Fund	$113 458 008.32
Guarantee Act Loans	
Advanced prior to 1956 (none outstanding)	$ 6 784 464.85
Advanced in 1977-78 (2 Loans)	195 237.15
Total Loans and Guarantees	$120 437 710.32
Interest Returned to the Provincial Treasurer	
10 Yr. Loans	$ 7 264 157.45
25 Yr. Loans	8 450 877.80
Total Interest Returned to the Provincial Treasurer	$ 15 715 035.25

STATEMENT E
Account in the Hands of Other Government Agencies for Collection of Arrears as at March 31, 1982

	Less than 1 year since last payment	1 to 5 years since last payment	Over 5 years since last payment	Total of all accounts
1. Number of accounts	1	28	2	31
2. Principal balance	$ 410.12	$32 696.36	$ 3 521.14	$36 627.62
3. Accrued interest	21.00	3 256.26	410.44	3 687.70
4. Principal in arrears	0	10 399.46	1 832.33	12 231.79
5. Total Arrears (3 + 4)	$ 21.00	$13 655.72	$ 2 242.77	$15 919.49

REBATES BRANCH
Unit Rebate Allowances
Alberta

Date	Border Price	Cost of Service	Field Price	Provincial Support Price	Unit Rebate Allowance
			- $/GJ -		
Feb. - Aug. 1980	1.54106	0.13	1.41106	0.79	0.62106
Sept. - Oct. 1980	1.79408	0.13	1.66408	1.166	0.49808
Nov. - Apr. 1981	1.77565	0.175	1.60065	1.154	0.44665
May - Aug. 1981	1.77565	0.215	1.56065	1.154	0.40665
Sept. 1981	1.70162	0.215	1.48662	1.154	0.33262
Oct. - Jan. 1982	1.70162	0.215	1.48662	1.106	0.38062
Feb. - July 1982	1.93463	0.215	1.71963	1.258	0.46163

REBATES BRANCH
Average Rebate Benefit
Per Residential Customer

Date	Edmonton	Calgary
1979-1980	$91.00	$100.00
1980-1981	70.00	81.00
1981-1982	62.00	72.00

NOTE: Figures supplied by gas utility companies. The lesser amounts of rebate for Edmonton customers were because the utility used some of its own reserves of natural gas. These reserves are not eligible for rebate.

REBATES BRANCH
Total Rebates by Year
$ Million

	1979-80	1980-81	1981-82
Natural Gas Price Protection Plan	$133.9	$115.4	$ 94.9
Remote Area Heating Allowance	—	$ 0.7	$ 1.7

RURAL GAS PROGRAM STATISTICS
Grants Issued Under the Rural Gas Program to March 31, 1982

	Total To March 31, 1980	1980/81	1981/82	Total As At March 31, 1982
Regular	$ 75 646 913.85	$24 642 104.60	$23 170 097.28	$123 459 115.73
Gas Transportation Grant	41 585 631.44	15 194 192.66	6 936 542.03	63 716 366.13
Regulator/Metering/Odorizer	5 834 697.97	949 951.41	1 009 598.57	7 794 247.95
Cathodic Protection	996 760.36	1 464 576.52	43 062.38	2 504 399.26
Operating Equipment	30 216.13	54 841.81	17 460.48	102 518.42
Leak Detection	44 705.58	44 857.48	7 942.00	97 505.06
Replacement PE 3306 Pipe	3 439 592.60	7 109 333.60	5 414 631.56	15 963 557.76
Other Special	6 805 752.84	604 521.48	1 463 606.35	8 873 880.67
Propane	1 917.80	734.30	288.00	2 940.10
	$134 386 188.57	$50 065 113.86	$38 063 228.65	$222 514 531.08

Natural Gas Services Built by Rural Gas Distributors

	Total To March 31, 1980		Services	Services	Total To March 31, 1982	
	Pre-Act	Post-Act	Built 1980/81	Built 1981/82	Pre-Act	Post-Act
Rural	17 887	47 907	4 844	4 764	17 887	57 515
Urban	3 299	8 377	1 088	969	3 299	10 434
Grain Dryer	9	284	209	102	9	595
Non-Grantable	1 011	2 283	973	308	1 011	3 564
Irrigation	1 798	2 015	168	208	1 798	2 391
	24 004 [1]	60 866	7 282	6 351	24 004	74 499

1. Includes corrective adjustment of 2026 services verified by distributors during the past year.

* Kilometres of Pipelines Installed in Rural Natural Gas Distributor Systems

	Total To March 31, 1980	Built 1980/81	Built 1981/82	Total As At March 31, 1982
Polyethylene	57 867.06	5 599.41	3 116.46	66 582.93
Aluminum	3 384.19	534.06	224.31	4 742.56
Steel	459.41	1 212.33	48.83	1 720.57
	61 710.66	7 345.80	3 389.60	72 446.06

* Post-act system installation only. No figures available for pre-act system.

UTILITIES AND TELEPHONES

STATEMENT OF EXPENDITURES
FISCAL YEAR 1981/82

Programme	Total Authorized	Expended	Unexpended (Over Expended)
1. Departmental Support Services	$ 2 204 060[1]	$ 2 078 109	$ 125 951
2. Gas Utility Development			
Financial Assistance for Natural Gas Development (Grants for Natural Gas Distribution Systems and Utilities Officer Support)	35 908 462	35 893 453	15 009
Capital Construction	2 931 538	2 931 538	0
Engineering, Technical Financial and Business Support	2 560 715	2 201 069	359 646
Gas Alberta	2 389 244	2 383 598	5 646
3. Natural Gas Price Protection for Albertans	12 368 245	2 085 575	10 282 670
4. Electric Development			
Electric Development Services	1 098 877	1 009 716	89 161
Financial Assistance for Electric Development	2 052 500	1 322 292	730 208
Total Department	$61 513 641	$49 905 350	$11 608 291

FOOTNOTES

1. Total authorized includes special warrant totalling $55 000.